

Government Contract Executive Pay Transparency Act

Consolidated Draft

Preamble

- **Whereas** taxpayer dollars fund billions of dollars in contracts to private companies;
- **Whereas** the public has a legitimate interest in knowing whether such funds are managed responsibly;
- **Whereas** executive compensation in companies substantially funded by government contracts cannot be considered private;
- **Whereas** the administrative burden of disclosure is minimal compared to the size of public contracts;
- **Whereas** disclosure of executive compensation by government contractors is already required in other jurisdictions, including the United States, without competitive disadvantage;
- **Therefore**, His Majesty, by and with the advice and consent of the Legislative Assembly of *Canada*, enacts as follows:

Part I — Interpretation

1. Short Title This Act may be cited as the **Government Contract Executive Pay Transparency Act**.

2. Definitions In this Act:

(a) “**Government contract**” means any agreement for goods, services, or works entered into between a government entity and a private company, including subsidiaries, affiliates, and subcontractors, related entities, or any entity under common ownership, control, or direction. (b) “**Private company**” means any corporation, partnership, or business entity that is not publicly traded on a stock exchange. (c) “**Executive**” means a Chief Executive Officer (CEO), Chief Financial Officer (CFO), President, Vice-President, Director, or any individual who has authority to approve contracts, manage budgets or otherwise exercise decision-making authority over contracts, budgets, or strategic direction exceeding \$1,000,000 CAD annually, whether or not such authority is tied to their formal title. (d) “**Executive compensation**” means **total annual remuneration**, including but not limited to: salary, bonuses, allowances, profit-sharing, stock options, dividends, non-monetary benefits, consulting payments, or any direct or indirect compensation paid through a third-party entity, affiliate, or related company. (e) “**Total executive compensation**” shall be reported in full, regardless of whether portions are allocated to government or private contracts, where a company meets the thresholds in section 3. (f) “**Fair market value**” means the independently determined value of stock options, equity, or profit-sharing at the time of grant as calculated according to generally accepted accounting principles (GAAP) or by an independent auditor. (g) “**Related entity**” means any subsidiary, affiliate, partnership, trust, or numbered company under common control or ownership with the contractor. (h) For purposes of this Act, ownership or control includes direct or indirect beneficial ownership or control arrangements that allow compensation to be redirected or concealed, including through subsidiaries, affiliates, partnerships, trusts, or numbered companies under

common control or ownership.

Part II — Application and Disclosure

3. Applicability (1) This Act applies to any private company that, in a fiscal year: (a) receives government contracts with a combined value of **\$50 million CAD or greater**; or (b) derives **50% or more** of its annual gross revenue from government contracts. (2) Contract value shall include amounts received as a prime contractor, subcontractor, or through **related entities**. (3) The Act applies to contracts at the federal, provincial, territorial, and municipal levels.

4. Disclosure Requirements (1) Any private company subject to this Act must annually disclose the compensation of its **five highest-paid executives**. (2) Disclosures shall include: (a) Total base salary; (b) Performance or signing bonuses; (c) The fair market value of equity, stock options, or profit-sharing at the time of grant; (d) All monetary and non-monetary benefits exceeding **\$10,000 CAD** annually; (e) Any compensation paid indirectly through consulting arrangements, third-party entities, or related entities. (3) Companies shall provide such disclosures within **120 days of fiscal year-end**, unless an extension of up to 60 additional days is granted by the Minister for just cause.

Part III — Reporting and Enforcement

5. Reporting Mechanism (1) Disclosures shall be filed with the designated Minister or agency responsible for government procurement. (2) A **publicly accessible online registry** shall be maintained, free of charge. (3) The Auditor General, or an independent auditor designated by the Auditor General, shall review the accuracy and completeness of disclosures filed under this Act annually.

6. Compliance and Enforcement (1) Companies that fail to comply with this Act shall be subject to: (a) Monetary penalties of not less than **\$250,000 CAD**; and (b) Suspension from eligibility for future government contracts until compliance is achieved. (2) Knowingly filing **false, incomplete, or misleading disclosures** — including understatement of compensation, misallocation to non-government accounts, or concealment through related entities, constitutes an offence punishable by: (a) Fines of not less than \$500,000 CAD and up to \$5,000,000 CAD; and/or (b) Ineligibility for government contracts imposed as follows:

- For a first offence: not less than 3 years and up to 5 years, depending on the scale of the violation;
- For a second offence: not less than 5 years and up to 10 years;
- For a third or subsequent offence: permanent ineligibility.

(3) The designated Minister or agency may conduct audits, require supporting documentation, and investigate related entities to verify the accuracy and completeness of executive compensation disclosures. (4) Where a company is found to have knowingly filed false or misleading disclosures after receiving government payments, the Crown may recover such payments in full, together with damages, interest, and administrative costs.

Part IV — Exemptions and General

7. Exemptions This Act does not apply to: (a) Non-profit organizations or charities; (b) Companies with fewer than **50 full-time employees**; This exemption cannot be circumvented by artificially splitting companies or creating multiple entities to fall below the employee threshold.(c) Contracts issued under a declared state of emergency, where disclosure would directly prevent or delay the delivery of essential relief goods or services. Any exemption under this section must be expressly granted by the Minister for just cause.

8. Privacy Protections (a) Nothing in this Act requires disclosure of personal information unrelated to executive compensation.(b) The publicly accessible registry shall include only information directly related to executive compensation. Sensitive personal information, including banking details or home addresses, must not be disclosed.

9. Implementation This Act comes into force **12 months** after receiving Royal Assent.

10. Review Clause The responsible Minister shall review the operation of this Act within **5 years** of coming into force and table a report before the Legislature.